

6209

**RECREATION DISTRICT NO. 14
OF ST. TAMMANY PARISH**

Annual Financial Statements

December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/18/08

Contents

| | |
|-------------------------------------|--------------|
| Independent Auditor's Report | 1 - 2 |
|-------------------------------------|--------------|

| | |
|---|--------------|
| Required Supplemental Information (Part I) | |
| Management's Discussion and Analysis | 4 - 5 |

| | |
|---|----------------|
| Basic Financial Statements | |
| Government Wide Financial Statements | |
| Statement of Net Assets | 7 |
| Statement of Activities | 8 |
| Fund Financial Statements | |
| Governmental Funds | |
| Balance Sheet | 10 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 11 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 12 |
| Notes to Financial Statements | 13 - 20 |

| | |
|--|-----------|
| Required Supplemental Information (Part II) | |
| Budgetary Comparison Schedule - General Fund | 22 |

| | |
|---------------------------------------|-----------|
| Other Supplemental Information | |
| Schedule of Governing Board | 24 |

| | |
|--|----------------|
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 25 - 26 |
|--|----------------|

| | |
|--|-----------|
| Schedule of Prior Year Findings | 27 |
|--|-----------|



Independent Auditor's Report

To the Board of Commissioners
Recreation District No. 14 of St. Tammany Parish
Madisonville, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major funds, which collectively comprise the basic financial statements of Recreation District No. 14 of St. Tammany Parish (the District), as of December 31, 2007, and for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major funds of Recreation District No. 14 of St. Tammany Parish as of December 31, 2007, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 4 through 5 and the budgetary comparison schedule on page 22 are not required parts of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Recreation District No. 14 of St. Tammany Parish. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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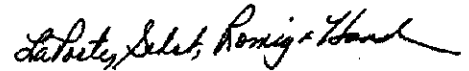
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In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2008, on our consideration of the Recreation District No. 14 of St. Tammany Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



A Professional Accounting Corporation

March 12, 2008

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Management's Discussion and Analysis December 31, 2007

As management of Recreation District No. 14 of St. Tammany Parish (the District), we offer this discussion and analysis of the District's financial activities for the fiscal year ended December 31, 2007.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided in addition to this MD&A.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 7 and 8) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 10. These statements tell how these services were financed in the short-term as well as what remains for future spending. The District is a component unit of the St. Tammany Parish Council. Its operations are conducted through a general fund.

A summary of the basic government-wide financial statements is as follows:

SUMMARY OF STATEMENT OF NET ASSETS

| | 2007 | 2006 | Change |
|--|---------------------|---------------------|-------------------|
| Assets | | | |
| Other Assets | \$ 2,501,613 | \$ 5,617,903 | \$(3,116,290) |
| Capital Assets (Net of Accumulated Depreciation) | 7,246,268 | 3,941,423 | 3,304,845 |
| Total Assets | 9,747,881 | 9,559,326 | 188,555 |
| Liabilities | | | |
| Current Liabilities | 630,021 | 205,068 | 424,953 |
| Noncurrent Liabilities | 6,405,000 | 6,970,000 | (565,000) |
| Total Liabilities | 7,035,021 | 7,175,068 | (140,047) |
| Net Assets | | | |
| Invested in Capital Assets, (Net of Related Debt) | 1,121,864 | 1,161,423 | (39,559) |
| Restricted - Debt Service | 844,448 | 748,496 | 95,952 |
| Unrestricted | 746,548 | 474,339 | 272,209 |
| Net Assets | \$ 2,712,860 | \$ 2,384,258 | \$ 328,602 |

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Management's Discussion and Analysis December 31, 2007

SUMMARY OF STATEMENT OF ACTIVITIES

| | 2007 | 2006 | Change |
|------------------------------|-------------------|-------------------|------------------|
| Revenues | | | |
| General Revenues | | | |
| Property Taxes | \$ 972,440 | \$ 842,493 | \$ 129,947 |
| State Revenue Sharing | 13,905 | 12,330 | 1,575 |
| Other | 61,496 | 167,067 | (105,571) |
| Total Revenues | 1,047,841 | 1,021,891 | 25,950 |
| Expenses | | | |
| Recreation | 461,886 | 596,388 | (134,502) |
| Interest on Long-Term Debt | 257,353 | 139,425 | 117,928 |
| Total Expenses | 719,239 | 735,813 | (16,574) |
| Changes in Net Assets | \$ 328,602 | \$ 286,077 | \$ 42,524 |

Capital Assets and Debt

In 2007, capital assets increased by \$3,304,845, which was the result of construction of facilities, the purchase of land and purchases of equipment totaling \$3,516,778, and depreciation of \$211,933. Total debt decreased by \$205,000 due to scheduled bond payments.

General Fund Budgetary Highlights

For the year ended December 31, 2007, actual revenues exceeded the budgeted amount by \$22,001. This variance was caused by an increase in property tax assessments indicated on the assessor's tax roll. Actual expenditures were less than budgeted amounts by \$8,116.

Economic Factors and Next Year's Budget and Rates

The District has authority to levy millage rates up to 12.65 mills (5.00 mills for operation and maintenance of the facilities and 7.65 mills for payment of general obligation bonds). The 2007 rates were levied at 9.47 mills (5.00 mills for operation and maintenance of the facilities and 4.47 mills for payment of general obligation bonds).

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Stephen I. Dwyer, Chairman, P.O. Box 1244, Madisonville, Louisiana 70447.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Statement of Net Assets
December 31, 2007

| | Governmental Activities |
|--|------------------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 599,932 |
| Certificates of Deposit | 778,842 |
| Receivables - Ad Valorem Taxes | 984,603 |
| Receivables - Revenue Sharing | 9,270 |
| Receivables - Interest | 11,026 |
| Deposits | 3,400 |
| Bond Issuance Cost (Net of Amortization) | 64,442 |
| Deferred Expenses | 50,098 |
| Capital Assets (Net of Accumulated Depreciation) | <u>7,246,268</u> |
| Total Assets | 9,747,881 |
| Liabilities | |
| Accounts Payable | 176,109 |
| Accrued Expenses | 4,861 |
| Accrued Interest | 89,051 |
| Bonds Payable | |
| Due Within One Year | 315,000 |
| Due in More than One Year | 6,355,000 |
| Certificate of Indebtedness | |
| Due Within One Year | 45,000 |
| Due in More than One Year | <u>50,000</u> |
| Total Liabilities | <u>7,035,021</u> |
| Net Assets | |
| Invested in Capital Assets, Net of Related Debt | 1,121,864 |
| Restricted - Debt Service | 844,448 |
| Unrestricted | <u>746,548</u> |
| Total Net Assets | <u>\$ 2,712,860</u> |

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Statement of Activities
For the Year Ended December 31, 2007

| Activities | Expenses | Net (Expense) Revenues and Changes in Net Assets Governmental Activities |
|--------------------------------------|-------------------|---|
| Governmental Activities: | | |
| Recreation | \$ 461,886 | \$ (461,886) |
| Interest on Long-Term Debt | 257,353 | (257,353) |
| Total | \$ 719,239 | (719,239) |
| General Revenues: | | |
| Taxes | | |
| Property Taxes | | 972,440 |
| State Revenue Sharing | | 13,905 |
| Interest and Investment Earnings | | 50,921 |
| Miscellaneous | | 10,575 |
| Total General Revenues | | 1,047,841 |
| Change in Net Assets | | 328,602 |
| Net Assets, Beginning of Year | | 2,384,258 |
| Net Assets, End of Year | | \$ 2,712,860 |

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Balance Sheet
Governmental Funds
December 31, 2007

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|--|-------------------|-------------------|---------------------|--------------------------------|
| Assets | | | | |
| Cash | \$ 175,152 | \$ 382,644 | \$ 42,136 | \$ 599,932 |
| Certificates of Deposit | 23,480 | - | 755,362 | 778,842 |
| Receivables - Ad Valorem Taxes | 519,854 | 464,749 | - | 984,603 |
| Receivables - Revenue Sharing | 9,270 | - | - | 9,270 |
| Receivables - Interest | - | - | 11,026 | 11,026 |
| Due from Other Funds | 65,475 | - | - | 65,475 |
| Deposits | 3,400 | - | - | 3,400 |
| Total Assets | \$ 796,631 | \$ 847,393 | \$ 808,524 | \$ 2,452,548 |
| Liabilities | | | | |
| Accounts Payable | \$ 73,656 | \$ - | \$ 102,453 | \$ 176,109 |
| Due to Other Funds | - | - | 65,475 | 65,475 |
| Accrued Expenses | 1,916 | 2,945 | - | 4,861 |
| Total Liabilities | 75,572 | 2,945 | 167,928 | 246,445 |
| Fund Equity | | | | |
| Fund Balance | | | | |
| Reserved for Debt Service | - | 844,448 | - | 844,448 |
| Reserved for Construction | - | - | 640,596 | 640,596 |
| Unreserved | 721,059 | - | - | 721,059 |
| Total Fund Equity | 721,059 | 844,448 | 640,596 | 2,206,103 |
| Total Liabilities and Fund Equity | \$ 796,631 | \$ 847,393 | \$ 808,524 | |

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

| | |
|--|---------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 7,246,268 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | (6,765,000) |
| Bond Issuance Cost and Deferred Costs | 114,540 |
| Accrued interest on long-term liabilities is not reported in the governmental funds. | (89,051) |
| Net Assets of Governmental Activities | \$ 2,712,860 |

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Funds
For the Year Ended December 31, 2007

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|--|-------------------|-------------------------|-----------------------------|---|
| Revenues | | | | |
| Ad Valorem Taxes | \$ 513,948 | \$ 458,492 | \$ - | \$ 972,440 |
| Revenue Sharing | 13,905 | - | - | 13,905 |
| Earnings on Investments | 11,306 | 14,782 | 24,833 | 50,921 |
| Miscellaneous | 3,430 | 7,145 | - | 10,575 |
| Total Revenue | 542,589 | 480,419 | 24,833 | 1,047,841 |
| Expenditures | | | | |
| Administration | 235,373 | 10,080 | 4,500 | 249,953 |
| Capital Outlay - Construction | 117,087 | - | 3,399,692 | 3,516,779 |
| Debt Service - Principal | 45,000 | 160,000 | - | 205,000 |
| Debt Service - Interest | 2,935 | 214,387 | - | 217,322 |
| Total Expenditures | 400,395 | 384,467 | 3,404,192 | 4,189,054 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 142,194 | 95,952 | (3,379,359) | (3,141,213) |
| Change in Fund Balance | 142,194 | 95,952 | (3,379,359) | (3,141,213) |
| Fund Balance, Beginning of Year | 578,865 | 748,496 | 4,019,955 | 5,347,316 |
| Fund Balance, End of Year | \$ 721,059 | \$ 844,448 | \$ 640,596 | \$ 2,206,103 |

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2007

Amounts reported for governmental activities in the Statement of Activities are different because:

| | |
|--|--------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$(3,141,213) |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 3,304,845 |
| The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | <u>164,970</u> |
| Change in Net Assets of Governmental Activities | <u>\$ 328,602</u> |

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The mission of the Recreation District No. 14 of St. Tammany Parish (the District) is to acquire, construct, operate and maintain recreation facilities in that area of the Parish, which includes Madisonville. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

Reporting Entity

The District was created in 1999, by Ordinance 3017 of the St. Tammany Parish Council. The District is governed by a Board of Commissioners, which is appointed by the St. Tammany Parish Council. The District consists of seven Commissioners who serve staggered terms.

As the governing authority of the parish, for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (Parish Council) (b) organizations for which the primary governments are financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Parish Council appoints all members of the District and, as such, is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the Recreation District No. 14 of St. Tammany Parish have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the District.

For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds.

Fund Financial Statements (FFS)

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The District reports the following major governmental funds:

The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

The Debt Service Fund accounts for proceeds of Ad Valorem millage of 4.47 mills restricted for debt service.

The Capital Projects Fund accounts for the proceeds of the 2006 general obligation bonds, which will be used for purchase of land and construction of facilities.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus / Basis of Accounting

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund on a modified accrual basis of accounting. The budget is legally adopted and amended as necessary by the District.

Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

All fixed assets of the District are recorded at historical costs. Depreciation of all exhaustible fixed assets is charged as an expense against their operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes equipment and furniture in excess of \$2,500. The following estimated useful lives and methods are used to compute depreciation:

| | | |
|-----------------------------------|--------------|---------------|
| Park, Fields and Grounds | 20 Years | Straight Line |
| Furniture, Fixtures and Equipment | 7 - 15 Years | Straight Line |

Depreciation expense amounted to \$211,933 for the year ended December 31, 2007.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 2. Ad Valorem Taxes

Property taxes for the operations and bond debt service of the District are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2004. Taxes are due and payable December of the following year.

The following is a summary of authorized and levied Ad Valorem taxes:

| | Authorized | Levied |
|---|------------|--------|
| Construction, Operation and Maintenance of Facilities | 5.00 | 5.00 |
| Payment of General Obligation Bonds | 7.65 | 4.47 |

Note 3. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2007:

| | |
|-----------------|-------------------|
| Demand Deposits | <u>\$ 599,932</u> |
|-----------------|-------------------|

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2007, the District had \$1,456,681 in deposits including certificates of deposits of \$778,842 (collected bank balances). These deposits are secured from risk by \$200,000 in federal deposit insurance and \$1,256,681 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent bank has failed to pay deposited funds upon demand.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 4. Accounts Payable

At December 31, 2007, accounts payable consisted of the following:

| | General | Capital Projects Fund | Total |
|-------------------------------------|------------------|-----------------------------|-------------------|
| Trade Payables | \$ 13,777 | \$ 50,924 | \$ 64,701 |
| Construction Retainages | 59,879 | 51,529 | 111,408 |
| Payable at December 31, 2007 | \$ 73,656 | \$ 102,453 | \$ 176,109 |

Note 5. Capital Assets

Capital assets activity for the year ended December 31, 2007 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|-------------|---------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 275,119 | \$ 2,500,000 | \$ - | \$ 2,775,119 |
| Construction in Progress | - | 189,881 | - | 189,881 |
| Total Capital Assets Not Being Depreciated | 275,119 | 2,689,881 | - | 2,965,000 |
| Capital Assets Being Depreciated | | | | |
| Recreational Facilities | 4,164,583 | 798,623 | - | 4,963,206 |
| Equipment | 39,709 | 28,274 | - | 67,983 |
| Total Capital Assets Being Depreciated | 4,204,292 | 826,897 | - | 5,031,189 |
| Less: Accumulated Depreciation for | | | | |
| Recreational Facilities | (521,493) | (203,749) | - | (725,242) |
| Equipment | (16,495) | (8,184) | - | (24,679) |
| Total Accumulated Depreciation | (537,988) | (211,933) | - | (749,921) |
| Total Capital Assets Being Depreciated - Net | 3,666,304 | 614,964 | - | 4,281,268 |
| Capital Assets - Net | \$ 3,941,423 | \$ 3,304,845 | \$ - | \$ 7,246,268 |

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 6. Long-Term Debt

The following is a summary of bond transactions of the District for the period ended December 31, 2006:

| General Obligation | Bonds | Certificate of Indebtedness | Total |
|-------------------------------------|----------------------------|-----------------------------|----------------------------|
| Payable at January 1, 2007 | \$ 6,830,000 | \$ 140,000 | \$ 6,870,000 |
| Issued | - | - | - |
| Retired | <u>(160,000)</u> | <u>(45,000)</u> | <u>(205,000)</u> |
| Payable at December 31, 2007 | <u>\$ 6,670,000</u> | <u>\$ 95,000</u> | <u>\$ 6,765,000</u> |

\$1,800,000 General Obligation Bonds dated September 1, 1999; balance due in annual principal installments, starting March 1, 2001, of \$55,000 - \$145,000 plus semi-annual interest payments through March 1, 2009; with interest at 5.40%. \$ 165,000

\$300,000 Certificate of Indebtedness dated February 21, 2002; balance due in annual principal installments, starting March 1, 2003, of \$35,000 - \$50,000 plus semi-annual interest payments through March 1, 2009; with interest at 4%. 95,000

\$1,360,000 General Obligation Bonds dated March 1, 2004; balance due in annual principal installments, starting March 1, 2006, of \$65,000 - \$125,000 plus semi-annual interest payments through March 1, 2019; with interest at 4%. 1,160,000

\$5,355,000 General Obligation Bonds dated December 1, 2006; balance due in annual principal installments, starting March 1, 2007, of \$10,000 - \$325,000 plus semi-annual interest payments through March 1, 2026; with interest at 3.75 to 4%. 5,345,000

\$ 6,765,000

General obligation bonds are secured by an annual Ad Valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the District is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property in the District. At December 31, 2007, the District had not exceeded this statutory limit.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

The following is a schedule of future principal debt service requirements:

| Year Ending December 31, | General Obligation Bonds | | Certificate of Indebtedness | | Total | |
|-----------------------------|--------------------------|---------------------|-----------------------------|-----------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2008 | \$ 315,000 | \$ 257,068 | \$ 45,000 | \$ 2,900 | \$ 360,000 | \$ 259,968 |
| 2009 | 320,000 | 244,063 | 50,000 | 1,000 | 370,000 | 245,063 |
| 2010 | 335,000 | 231,762 | - | - | 335,000 | 231,762 |
| 2011 | 355,000 | 218,031 | - | - | 355,000 | 218,031 |
| 2012 | 365,000 | 205,270 | - | - | 365,000 | 205,270 |
| 2013 - 2017 | 2,105,000 | 790,580 | - | - | 2,105,000 | 790,580 |
| 2018 - 2022 | 1,700,000 | 381,200 | - | - | 1,700,000 | 381,200 |
| 2023 - 2026 | 1,175,000 | 96,700 | - | - | 1,175,000 | 96,700 |
| | <u>\$ 6,670,000</u> | <u>\$ 2,424,674</u> | <u>\$ 95,000</u> | <u>\$ 3,900</u> | <u>\$ 6,765,000</u> | <u>\$ 2,428,574</u> |

Note 7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2007, the District carried insurance through various commercial carriers to cover all risks of losses. The District has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

Note 8. Prior Year Defeasance of Debt

In prior years, the District defeased the 2010 through 2019 maturities of the Series 1999 bonds by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government securities that were placed in the trust funds. The investments and fixed earnings from those investments are sufficient to fully service the defeased debt until the debt is called or matured. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the City's Statement of Net Assets. As of December 31, 2007, the amount of the defeased debt outstanding but removed from the Statement of Net Assets amounted to \$1,165,000.

Note 9. Subsequent Event

At its January 8, 2008 board meeting, the District approved a resolution authorizing \$865,000 of general obligation bonds to fund construction of facilities.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2007

| | Budget | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Ad Valorem Taxes | \$ 505,770 | \$ 505,770 | \$ 513,948 | \$ 8,178 |
| Revenue Sharing | - | - | 13,905 | 13,905 |
| Earnings on Investments | 11,518 | 11,518 | 11,306 | (212) |
| Other | 3,300 | 3,300 | 3,430 | 130 |
| Total Revenues | 520,588 | 520,588 | 542,589 | 22,001 |
| Expenditures | | | | |
| Administration | 287,211 | 287,211 | 235,373 | 51,838 |
| Capital Outlay | 76,300 | 76,300 | 117,087 | (40,787) |
| Debt Service - Principal | 45,000 | 45,000 | 45,000 | - |
| Debt Service - Interest | - | - | 2,935 | (2,935) |
| Total Expenditures | 408,511 | 408,511 | 400,395 | 8,116 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 112,077 | 112,077 | 142,194 | 30,117 |
| Change in Fund Balance | \$ 112,077 | \$ 112,077 | 142,194 | \$ 30,117 |
| Fund Balance, Beginning of Year | | | 578,865 | |
| Fund Balance, End of Year | | | \$ 721,059 | |

OTHER SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

**Schedule of Governing Board
December 31, 2007**

| <u>Board of Commissioners</u> | <u>Compensation</u> |
|--|----------------------------|
| Stephen Dwyer #1 Ivy Covington, LA 70433 | \$-0- |
| Lloyd Ostendorf, Jr. 213 Highway 21 Covington, LA 70433 | -0- |
| Kenneth Dutruch 76397 Highway 1077 Folsom, LA 70437 | -0- |
| Tim Hymel 221 Koepp Road Madisonville, LA 70447 | -0- |
| Paul Melancon 122 Tchefuncte Park Drive Madisonville, LA 70447 | -0- |
| David Goodwin 312 Bordeaux Court Madisonville, LA 70447 | -0- |
| Rawlin Carter 2 Summerhaven Court Madisonville, LA 70447 | -0- |



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Recreation District No. 14 of St. Tammany Parish

We have audited the financial statements of the Recreation District No. 14 of St. Tammany Parish (the District) as of and for the year ended December 31, 2007, and have issued our report thereon dated March 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

110 VETERANS BOULEVARD, SUITE 200, METAIRIE, LA 70005-4958 • 504.835.5522 • FAX 504.835.5535
5100 VILLAGE WALK, SUITE 202, COVINGTON, LA 70433-4012 • 985.892.5850 • FAX 985.892.5956
5153 BLUEBONNETT BOULEVARD, SUITE B, BATON ROUGE, LA 70809-3076 • 225.296.5150 • FAX 225.296.5151

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Recreation District No. 14 of St. Tammany Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the following paragraph.

LRS 39:1306 requires the District to publish a notice in its official journal that states that the budget is available for public inspection. A public hearing prior to the approval of the budget is also required. During the year ended December 31, 2007, the District did not advertise in the official journal or hold a public hearing. We recommend that the District follow the requirements of LRS 39:1306 for its future budgets.

This report is intended solely for the use of management and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


A Professional Accounting Corporation

March 12, 2008

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

**Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2007**

2006 - 1 5% Budget Violation

This finding has been resolved.

0105
CR
5/16/08

ST. TAMMANY PARISH RECREATION DISTRICT NO. 14
P. O. BOX 1244
MADISONVILLE, LA 70447

March 12, 2008

Legislative Audit Advisory Committee
P.O. Box 94397
Baton Rouge, LA 70804-9397

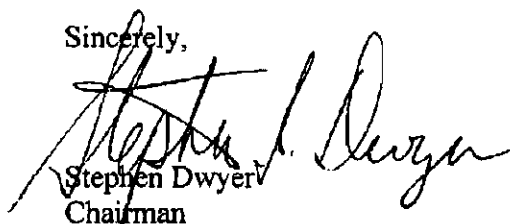
To Whom It May Concern:

I am writing in response to the finding included in our financial statements for the year ended December 31, 2007 and the items reported in the management letter. Our corrective action plan is as follows:

2007-1 Lack of public hearing or published notice regarding budget.

The District will comply with the required budget laws by advertising in the official journal and holding a public hearing regarding the budget.

Sincerely,


Stephen Dwyer
Chairman